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10 UNITED STATES BANKRUPTCY COURT
11 DISTRICT OF OREGON

12 In re

13 Western Communications, Inc.,

14 Debtor.
15
16
17

Case No. 19-30223-tmb11

**DEBTOR'S MOTION FOR ORDER
AUTHORIZING PAYMENT OF
PREPETITION WAGES, SALARIES,
COMPENSATION, EXPENSES,
BENEFITS, AND RELATED TAXES,
AND TO CONTINUE EMPLOYEE
BENEFITS POSTPETITION**

EXPEDITED HEARING REQUESTED

18 Western Communications, Inc. ("Debtor") moves this Court for an order
19 authorizing payment of any remaining prepetition wages, salaries, compensation, expenses,
20 benefits, and related taxes, and to continue employee benefits postpetition, and in support
21 thereof states as follows:

22 1. On January 22, 2019 (the "Petition Date"), Debtor filed a Voluntary
23 Petition for relief under Chapter 11 of Title 11 of the United States Code.

24 2. Debtor has continued in possession of its property and is continuing to
25 operate and manage its businesses as Debtor-in-Possession pursuant to Sections 1107(a) and
26 1108 of Title 11 of the United States Code.

1 3. The Court has jurisdiction over this matter pursuant to 28 U.S.C.
2 §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
3 This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

4 4. No request has been made for the appointment of a trustee or
5 examiner, and no unsecured creditors' committee has yet been established in this case.

6 5. Debtor is an Oregon corporation headquartered in Bend, Oregon.

7 6. Debtor is a small market newspaper, niche publishing, printing and
8 digital media company with publications spread throughout Oregon (five publications) and
9 California (two publications). Debtor produces and publishes the Bend Bulletin, the Baker
10 City Herald, the La Grande Observer, the Redmond Spokesman, the Brookings Curry
11 Coastal Pilot, the Crescent City Daily Triplicate, and the Sonora Union Democrat. Debtor is
12 committed to community journalism and believes in the invaluable role and responsibility of
13 community newspapers.

14 7. Debtor currently has 75 full-time salaried employees, with an average
15 payroll of approximately \$213,000 per pay period, including all taxes, commissions and
16 third-party liabilities.

17 8. Debtor's salaried employees are paid on the 5th and 20th day of every
18 month. The next regular salaried employee payroll date is February 5, 2019. Salaried
19 employees were paid their wages through January 15, 2019, prior to the filing of the Petition.

20 9. Debtor currently has 170 hourly employees (137 full time and 33 part
21 time), with an average payroll of approximately \$229,000 per pay period, including all taxes,
22 commissions and third-party liabilities.

23 10. Debtor's hourly employees are paid on the 15th and last day of every
24 month. The next regular hourly employee payroll date is January 31, 2019. Hourly
25 employees were paid their wages through January 8, 2019, prior to the filing of the Petition.
26

1 11. Because the Petition Date was January 22, 2019, Debtor has incurred
2 unpaid prepetition obligations for wages, salaries, expenses, commissions and other
3 employment compensation and benefits for the period prior to the Petition Date.

4 12. The total amount Debtor is obligated to pay for accrued and unpaid
5 prepetition wages, salaries, expenses, commissions, compensation, taxes, and benefits is
6 approximately \$266,000. No individual is owed more than \$12,850 for prepetition wages,
7 salaries, commissions or other compensation, including benefits. Debtor does not request
8 authority to pay any person more than the \$12,850 amount of their priority claim as provided
9 by 11 U.S.C. §§ 507(a)(4) and (a)(5).

10 13. Debtor requests that this Court enter an order, pursuant to
11 Sections 105(a) and 507(a)(4) and (a)(5) of the Bankruptcy Code, authorizing Debtor to
12 (a) pay to or for the benefit of its employees incurred prepetition wages, salaries,
13 reimbursable employee business expenses, and other compensation on the regularly
14 scheduled postpetition pay dates, in an amount not to exceed \$12,850 for any employee;
15 (b) pay any and all local, state, and federal withholding and payroll-related taxes relating to
16 prepetition periods, including, but not limited to, all prepetition withholding taxes, social
17 security taxes, Medicare taxes, and unemployment taxes; (c) pay all court-ordered wage
18 garnishments, including, but not limited to, child support and tax garnishments; (d) make
19 accrued prepetition contributions or payments directly on account of employee benefits;
20 (e) make prepetition contributions and pay benefits under its self-funded medical benefit
21 plan; (f) continue to honor earned but unused vacation and other benefits accrued prepetition,
22 (g) continue existing employee benefits postpetition; and (h) direct all banks to honor
23 prepetition checks or electronic transfers for payment of the prepetition claims and benefits
24 described herein.

25 14. With respect to the accrued and unpaid prepetition employee-related
26 obligations described herein, Debtor requests that the Court authorize and direct the banks at

1 which Debtor maintains accounts from which their payroll, benefits, and related obligations
2 are disbursed (the "Banks") to make such payments, and to authorize and direct the Banks to
3 honor such checks or fund transfer requests, regardless of whether or not they were issued or
4 requested prior to or after the Petition Date. Debtor has on deposit sufficient funds in its
5 bank accounts to satisfy any prepetition payroll, benefits, and related obligations for which
6 Debtor seeks authority to make immediate payment, so the Banks will not be prejudiced by
7 an order directing them to honor Debtor's checks or fund transfer requests with respect to
8 such amounts.

9 15. Debtor believes that in order to protect the value of its business as a
10 going concern, it must honor its prepetition obligations to its employees. A failure to pay
11 accrued wages, salaries, commissions, expenses, benefits, and other related obligations, or
12 even a delay in such payment, would have a significant negative impact on worker morale
13 and some employees may not report to work, thereby impairing Debtor's ability to continue
14 operations.

15 16. Debtor believes the requested relief will enable it to maintain its
16 current operations without interruption and, at the same time, maintain worker morale. The
17 employees are vital to Debtor's efforts to reorganize and provide essential services, without
18 which Debtor would be unable to function. Without the relief requested, Debtor's ability to
19 preserve its assets for the benefit of all creditors and equity security holders would be
20 dramatically impaired, and Debtor's efforts to reorganize in a fashion that maximizes the
21 value of Debtor's estates could be significantly impaired.

22 17. It is in the best interest of Debtor and its creditors for the above-
23 described wages, salaries, compensation, payroll taxes, and employee benefits to be paid, and
24 any outstanding payroll checks honored, for the reason that such payments will enable
25 Debtor to continue to operate its businesses in the ordinary course.
26

1 18. Debtor has provided notice of this motion to the office of the
2 U.S. Trustee, Debtor's secured creditors, and the holders of the 20 largest unsecured claims.
3 No unsecured creditors' committee has yet been appointed in this case. Further notice is
4 impracticable and unnecessary due to the number of creditors, the limited issues involved,
5 and the nature of the payments to be made.

6 19. A copy of the proposed Order is attached as **Exhibit 1**.

7 WHEREFORE, Debtor prays that this Court enter an order authorizing Debtor
8 to pay prepetition wages, salaries, compensation, expenses, benefits, and payroll taxes, and
9 authorizing and ordering Debtor's Banks to honor any outstanding payroll checks or
10 electronic transfers.

11 DATED this 22nd day of January, 2019.

12 TONKON TORP LLP

13
14 By /s/ Michael W. Fletcher
15 Albert N. Kennedy, OSB NO. 821429
16 Michael W. Fletcher, OSB No. 010448
17 Attorneys for Debtor
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EXHIBIT 1

PROPOSED FORM OF ORDER

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re

Western Communications, Inc.

Debtor.

Case No. 19-30223-tmb11

**ORDER GRANTING DEBTOR'S
MOTION FOR ORDER
AUTHORIZING PAYMENT OF
PREPETITION WAGES, SALARIES,
COMPENSATION, EXPENSES,
BENEFITS, AND RELATED TAXES,
AND TO CONTINUE EMPLOYEE
BENEFITS POSTPETITION**

THIS MATTER having come before the Court upon Debtor's Motion for Order Authorizing Payment of Prepetition Wages, Salaries, Compensation, Expenses, Benefits, and Related Taxes, and to Continue Employee Benefits Postpetition (the "Motion") [ECF No. ____], a hearing having been held before the Court, and the Court being duly advised in the premises and finding good cause; now, therefore,

IT IS HEREBY ORDERED that:

1. The Motion is approved.
2. Debtor is authorized to (a) to pay to or for the benefit of its employees

incurred prepetition wages, salaries, reimbursable employee business expenses, commissions,

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and other compensation on the regularly-scheduled postpetition pay dates, in an amount not to exceed \$12,850 for any employee; (b) pay any and all local, state, and federal withholding and payroll-related taxes relating to prepetition periods, including, but not limited to, all prepetition withholding taxes, social security taxes, Medicare taxes, and unemployment taxes; (c) pay all court-ordered wage garnishments, including, but not limited to, child support and tax garnishments; (d) make accrued prepetition contributions or payments directly on account of employee benefits; (e) make prepetition contributions and pay benefits under its self-funded medical benefit plan; (f) continue to honor earned but unused vacation and other benefits accrued prepetition, (g) continue existing employee benefits postpetition; and (h) direct all banks to honor prepetition checks or electronic transfers for payment of the prepetition claims and benefits described herein; provided, however, that payments made to or on behalf of any employee will not exceed the priority amount provided by 11 U.S.C. §§ 507(a)(4) and (a)(5).

3. IT IS FURTHER ORDERED that Debtor's Banks are authorized and instructed to honor outstanding payroll checks and all prepetition and postpetition checks and electronic transfers for payment of the prepetition claims and benefits described above.

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I certify that I have complied with the requirements of LBR 9021-1(a).

Presented by:

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